



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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January 19, 2004

TO: Selected Agency Directors

FROM: Marty Brown, Director *MB*

**SUBJECT: SAVINGS INCENTIVE ACCOUNT ALLOCATIONS FROM FISCAL
YEAR 2003 GENERAL FUND-STATE SAVINGS**

I am pleased to inform you of your Savings Incentive Account balances and your new Fiscal Year 2003 allocation. As you know, the Savings Incentive Account, created in the 1997 Legislative Session, allows agencies with General Fund-State appropriations to share in the unspent appropriations they have reverted at the end of each fiscal year. On an annual basis, the Office of Financial Management (OFM), in consultation with legislative staff and agencies, reviews General Fund-State reversions and determines how much each agency can retain for its own usage.

The Savings Incentive Account is nonappropriated and can be spent only following allotment approval by OFM. The balance of unspent credits from prior years (as of December 2003) is also included for your information. In Fiscal Year 2003, agencies earned a total of nearly \$6.1 million in Savings Incentive credits, bringing the total credits earned to date to \$30.7 million. Since agency budgets are getting tighter, we urge agencies to make efficient use of their savings incentive allocations.

Please remember that spending from this account is restricted to certain uses. The Savings Incentive Account funding is intended for activities that improve the quality and efficiency of state services. The legislation prohibits the use of these funds to expand existing programs or create ongoing costs, so agencies should consider investments in work process changes, training, and other one-time improvements.

The Savings Incentive Program was designed to encourage more efficient operations in state government, as well as to benefit education. Half of year-end GF-S savings from operational efficiencies, and all of the GF-S savings in restricted or entitlement programs go into the Education Savings Account. With Fiscal Year 2003 allocations, this account has generated more than \$207 million for education construction, technology, and endowment activities.

On behalf of the Governor, I would like to let you know that your efforts at improving efficiency and customer service in state government are appreciated.

Attachment

cc: Agency Budget Officers

Instructions for Allotting the 2003 Savings Incentive Allocation

The Savings Incentive Account, as set in statute by the Legislature, is a nonappropriated, allotted account. Agencies having allocations from this account may spend them without appropriation, but after an allotment has been approved by the Office of Financial Management (OFM).

The letter from Marty Brown, dated January 20, 2004, informs agencies of their new Fiscal Year 2003 allocation amount. Agencies planning to spend this allocation (or unspent allocation balance remaining from previous fiscal year allocations) during the 2003-05 Biennium, should **submit a packet in the A600 series to OFM before spending takes place.**

These A-packets should use an appropriation code of 960, 963-970, or 973-979, which are appropriation codes for nonappropriated state expenditures.

Please keep in mind that this allocation may be used only for one-time activities that improve the quality, efficiency, and effectiveness of customer services, such as one-time expenditures for employee training, employee incentives, technology improvements, new work processes, or performance measurement. This funding may not be used to create new or expanded services or ongoing obligations.

Please direct questions regarding this allotment to your OFM budget analyst.